



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2007
OF THE CONDITION AND AFFAIRS OF THE

Community Choice Michigan

NAIC Group Code	0000	(Current Period)	0000	(Prior Period)	NAIC Company Code	95562	Employer's ID Number	38-3252216
Organized under the Laws of	Michigan				State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States							
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []			
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]			
	Hospital, Medical & Dental Service or Indemnity []				Is HMO, Federally Qualified? Yes [] No [X]			
Incorporated/Organized	05/24/1995				Commenced Business	08/01/1996		
Statutory Home Office	2369 Woodlake Dr, Suite 200				Okemos, MI 48864			
	(Street and Number)				(City or Town, State and Zip Code)			
Main Administrative Office	2369 Woodlake Dr, Suite 200							
	Okemos, MI 48864				517-349-9922			
	(City or Town, State and Zip Code)				(Area Code) (Telephone Number)			
Mail Address	2369 Woodlake Dr, Suite 200				Okemos, MI 48864			
	(Street and Number or P.O. Box)				(City or Town, State and Zip Code)			
Primary Location of Books and Records	2369 Woodlake Dr, Suite 200							
	Okemos, MI 48864				937-531-2206			
	(City or Town, State and Zip Code)				(Area Code) (Telephone Number)			
Internet Website Address	www.ccmhmo.org							
Statutory Statement Contact	Pamela S. Sedmak				937-531-2206			
	(Name)				(Area Code) (Telephone Number) (Extension)			
	pamela.sedmak@csmg-online.com				931-531-2676			
	(E-mail Address)				(FAX Number)			

OFFICERS

Name	Title	Name	Title
Pamela B. Morris #	President/Chief Exectuive Officer	Kevin R. Brown #	Board Chairman
R. Daniel Sadlier #	Secretary/Treasurer		

OTHER OFFICERS

Pamela S. Sedmak #	Chief Financial Officer	Dan Paquin #	Chief Operating Officer
Craig Thiele M.D. #	Chief Medical Officer		

DIRECTORS OR TRUSTEES

Pamela B. Morris #	R. Daniel Sadlier #	Kevin R. Brown #	Patricia Teague
Evonne Williams	John M. Rockwood, Jr. #		

State of

ss

County of

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Pamela B. Morris President/Chief Executive Officer	Pamela S.Sedmak Chief Financial Officer	Kevin R. Brown Board Chairman
Subscribed and sworn to before me this	a. Is this an original filing?	Yes [X] No []
day of ,	b. If no,	
	1. State the amendment number	
	2. Date filed	03/01/2008
	3. Number of pages attached	

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	4,065,324		4,065,324	5,542,040
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$20,431,834 , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short-term investments (\$7,144,344 , Schedule DA).....	27,576,178		27,576,178	17,555,089
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	31,641,502	0	31,641,502	23,097,129
11. Title plants less \$charged off (for Title Insurers only)			0	0
12. Investment income due and accrued	71,150		71,150	130,897
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	1,441,496		1,441,496	128,000
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			0	0
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	100,223		100,223	131,545
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset.....			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates	2,976,060		2,976,060	0
22. Health care (\$1,087,916) and other amounts receivable.....	1,474,337	339,741	1,134,596	1,653,758
23. Aggregate write-ins for other than invested assets	36,090	36,090	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	37,740,858	375,831	37,365,027	25,141,329
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	37,740,858	375,831	37,365,027	25,141,329
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Other	36,090	36,090	0	0
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	36,090	36,090	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	13,999,534		13,999,534	9,973,665
2. Accrued medical incentive pool and bonus amounts			0	23,800
3. Unpaid claims adjustment expenses	286,181		286,181	183,628
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	1,236,898		1,236,898	3,034,550
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	264,802		264,802	48,586
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$8,090,718 current)	12,090,718	0	12,090,718	0
22. Total liabilities (Lines 1 to 21)	27,878,133	0	27,878,133	13,264,229
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		0
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	7,831,735	358,046
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	1,655,159	11,519,054
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25 \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	9,486,894	11,877,100
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	37,365,027	25,141,329
DETAILS OF WRITE-INS				
2101. Former CCM Member Liability	12,090,718		12,090,718	0
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	12,090,718	0	12,090,718	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	.589,046	.580,504
2. Net premium income (including \$0 non-health premium income).....	XXX	137,337,133	103,596,161
3. Change in unearned premium reserves and reserve for rate credits	XXX		.0
4. Fee-for-service (net of \$ medical expenses)	XXX		.0
5. Risk revenue	XXX		.0
6. Aggregate write-ins for other health care related revenues	XXX	(8,251,427)	(6,204,769)
7. Aggregate write-ins for other non-health revenues	XXX	.0	.0
8. Total revenues (Lines 2 to 7)	XXX	129,085,706	.97,391,392
Hospital and Medical:			
9. Hospital/medical benefits .....		.76,722,927	.48,700,081
10. Other professional services .....		.8,753,761	.8,200,397
11. Outside referrals .....			.0
12. Emergency room and out-of-area .....		.6,967,273	.6,571,626
13. Prescription drugs .....		.21,544,177	.19,861,387
14. Aggregate write-ins for other hospital and medical.....	.0	.0	.0
15. Incentive pool, withhold adjustments and bonus amounts.....		(23,800)	.0
16. Subtotal (Lines 9 to 15) .....	.0	113,964,338	.83,333,491
Less:			
17. Net reinsurance recoveries .....		.384,686	.165,690
18. Total hospital and medical (Lines 16 minus 17) .....	.0	113,579,652	.83,167,801
19. Non-health claims (net).....			.0
20. Claims adjustment expenses, including \$2,876,718 cost containment expenses.....		.3,445,580	.3,134,871
21. General administrative expenses.....		.8,929,507	.8,363,219
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		.0	.0
23. Total underwriting deductions (Lines 18 through 22) .....	.0	125,954,739	.94,665,891
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	.3,130,967	.2,725,501
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		.1,316,079	.838,781
26. Net realized capital gains (losses) less capital gains tax of \$ .....			.27,420
27. Net investment gains (losses) (Lines 25 plus 26) .....	.0	.1,316,079	.866,201
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$ ..... )] .....			.0
29. Aggregate write-ins for other income or expenses .....	.0	.0	.0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	.4,447,046	.3,591,702
31. Federal and foreign income taxes incurred	XXX		.0
32. Net income (loss) (Lines 30 minus 31)	XXX	.4,447,046	.3,591,702
DETAILS OF WRITE-INS			
0601. Quality Assurance Assessment.....	XXX	(8,251,427)	(6,204,769)
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	(8,251,427)	(6,204,769)
0701.	XXX		.0
0702.	XXX		.0
0703.	XXX		.0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	.0	.0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	.0	.0
1401. ....			.0
1402. ....			.0
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	.0	.0	.0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	.0	.0	.0
2901. ....			.0
2902. ....			.0
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	.0	.0	.0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	.0	.0	.0

STATEMENT OF REVENUE AND EXPENSES (continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	11,877,100	16,289,713
34. Net income or (loss) from Line 32	4,447,046	3,591,702
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		(7,954)
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	2,277,406	(2,396,361)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	(5,600,000)
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	7,831,736	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital	(16,946,394)	0
46. Dividends to stockholders	0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	(2,390,206)	(4,412,613)
49. Capital and surplus end of reporting period (Line 33 plus 48)	9,486,894	11,877,100
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	136,122,024	103,930,635
2. Net investment income	1,333,897	694,183
3. Miscellaneous income	(9,057,648)	(6,065,375)
4. Total (Lines 1 through 3)	128,398,273	98,559,443
5. Benefit and loss related payments	106,944,475	88,399,886
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	12,932,709	12,572,906
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0
10. Total (Lines 5 through 9)	119,877,184	100,972,792
11. Net cash from operations (Line 4 minus Line 10)	8,521,089	(2,413,349)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,500,000	0
12.2 Stocks	0	42,565
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	33,555
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,500,000	76,120
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	5,529,146
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	5,529,146
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	1,500,000	(5,453,026)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	(5,600,000)
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	0	(5,600,000)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	10,021,089	(13,466,375)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	17,555,089	31,021,464
19.2 End of year (Line 18 plus Line 19.1)	27,576,178	17,555,089

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Community Choice Michigan

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	137,337,133	0	0	0	0	0	0	137,337,133	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$										
medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	(8,251,427)	0	0	0	0	0	0	(8,251,427)	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	129,085,706	0	0	0	0	0	0	129,085,706	0	0
8. Hospital/medical/ benefits	76,722,927							76,722,927		XXX
9. Other professional services	8,753,761							8,753,761		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	6,967,273							6,967,273		XXX
12. Prescription Drugs	21,544,177							21,544,177		XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	(23,800)							(23,800)		XXX
15. Subtotal (Lines 8 to 14)	113,964,338	0	0	0	0	0	0	113,964,338	0	XXX
16. Net reinsurance recoveries	384,686							384,686		XXX
17. Total hospital and medical (Lines 15 minus 16)	113,579,652	0	0	0	0	0	0	113,579,652	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$	2,876,718							3,445,580		
cost containment expenses	3,445,580									
20. General administrative expenses	8,929,507							8,929,507		
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	125,954,739	0	0	0	0	0	0	125,954,739	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	3,130,967	0	0	0	0	0	0	3,130,967	0	0
DETAILS OF WRITE-INS										
0501. Quality Assurance Assesment	(8,251,427)							(8,251,427)		XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	(8,251,427)	0	0	0	0	0	0	(8,251,427)	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.0
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	137,641,398		304,265	137,337,133
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8)	137,641,398	.0	304,265	137,337,133
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	137,641,398	0	304,265	137,337,133

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Community Choice Michigan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	116,129,554							116,129,554		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	416,008							416,008		
1.4 Net	115,713,546	0	0	0	0	0	0	115,713,546	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	13,999,534	0	0	0	0	0	0	13,999,534	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	13,999,534	0	0	0	0	0	0	13,999,534	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0								0	
6. Net healthcare receivables (a)	6,167,285							6,167,285		
7. Amounts recoverable from reinsurers December 31, current year	100,223							100,223		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	9,973,665	0	0	0	0	0	0	9,973,665	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	9,973,665	0	0	0	0	0	0	9,973,665	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	23,800	0	0	0	0	0	0	23,800	0	0
11. Amounts recoverable from reinsurers December 31, prior year	131,545	0	0	0	0	0	0	131,545	0	0
12. Incurred Benefits:										
12.1 Direct	113,988,138	0	0	0	0	0	0	113,988,138	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	384,686	0	0	0	0	0	0	384,686	0	0
12.4 Net	113,603,452	0	0	0	0	0	0	113,603,452	0	0
13. Incurred medical incentive pools and bonuses	(23,800)	0	0	0	0	0	0	(23,800)	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	0									
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:										
2.1. Direct	13,721,274							13,721,274		
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	13,721,274	0	0	0	0	0	0	13,721,274	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	278,260							278,260		
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	278,260	0	0	0	0	0	0	278,260	0	0
4. TOTALS:										
4.1. Direct	13,999,534	0	0	0	0	0	0	13,999,534	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4. Net	13,999,534	0	0	0	0	0	0	13,999,534	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan Premiums					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid.....	8,784,548	106,928,998	50,807	13,948,727	8,835,355	9,973,665
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	8,784,548	106,928,998	50,807	13,948,727	8,835,355	9,973,665
10. Healthcare receivables (a).....	3,712,600	5,056,470	214,577	742,615	3,927,177	3,590,299
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts					0	23,800
13. Totals (Lines 9 - 10 + 11 + 12)	5,071,948	101,872,528	(163,770)	13,206,112	4,908,178	6,407,166

(a) Excludes \$loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

	Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior		18,319	18,878	18,878	18,878	18,878
2. 2003		79,674	96,991	96,943	96,850	96,823
3. 2004		XXX	70,606	81,339	80,956	80,921
4. 2005		XXX	XXX	71,535	79,334	79,265
5. 2006		XXX	XXX	XXX	81,242	86,741
6. 2007		XXX	XXX	XXX	XXX	101,627

Section B – Incurred Health Claims - Title XIX Medicaid

	Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior		19,791	18,878	18,878	18,878	18,878
2. 2003		99,822	97,797	96,943	96,850	96,823
3. 2004		XXX	95,237	81,679	80,956	80,920
4. 2005		XXX	XXX	83,438	79,480	79,265
5. 2006		XXX	XXX	XXX	91,277	86,793
6. 2007		XXX	XXX	XXX	XXX	115,862

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2003	112,706	96,823		0.0	96,823	85.9			96,823	85.9
2. 2004	101,921	80,921		0.0	80,921	79.4			80,921	79.4
3. 2005	102,242	79,265	114	0.1	79,379	77.6			79,379	77.6
4. 2006	103,596	86,741	29	0.0	86,770	83.8	11		86,782	83.8
5. 2007	137,337	101,627	143	0.1	101,770	74.1	13,988	286	116,044	84.5

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	NONE	.0	.0	.0	.0	.0
2. 2003 .....		.0	.0	.0	.0	.0
3. 2004		XXX	.0	.0	.0	.0
4. 2005		XXX	XXX	.0	.0	.0
5. 2006		XXX	XXX	XXX	.0	.0
6. 2007		XXX	XXX	XXX	XXX	0

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	NONE	.0	.0	.0	.0	.0
2. 2003 .....		.0	.0	.0	.0	.0
3. 2004		XXX	.0	.0	.0	.0
4. 2005		XXX	XXX	.0	.0	.0
5. 2006		XXX	XXX	XXX	.0	.0
6. 2007		XXX	XXX	XXX	XXX	0

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2003.....	112,706	.96,823	.0	.0	.96,823	.85.9	.0	.0	.96,823	.85.9
2. 2004.....	101,921	.80,921	.0	.0	.80,921	.79.4	.0	.0	.80,921	.79.4
3. 2005.....	102,242	.79,265	.114	.0.1	.79,379	.77.6	.0	.0	.79,379	.77.6
4. 2006.....	103,596	.86,741	.29	.0.0	.86,770	.83.8	.11	.0	.86,782	.83.8
5. 2007.....	137,337	101,627	143	0.1	101,770	74.1	13,988	286	116,044	84.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	.0								
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4) .....	.0			.0	.0	.0	.0	.0	.0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....			412,317		412,317
2. Salaries, wages and other benefits.....	2,232,847	416,798	3,332,591		5,982,236
3. Commissions (less \$ceded plus \$assumed.....					0
4. Legal fees and expenses.....			918,831		918,831
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....	15,289	32	997,028		1,012,349
7. Traveling expenses.....	133,918	8,363	386,956		529,237
8. Marketing and advertising.....	22,776	3,500	114,307		140,583
9. Postage, express and telephone.....	17,547	85	503,900		521,532
10. Printing and office supplies.....	18,750	1,591	347,971		368,312
11. Occupancy, depreciation and amortization.....			125,619		125,619
12. Equipment.....			198,976		198,976
13. Cost or depreciation of EDP equipment and software.....	235		782,630		782,865
14. Outsourced services including EDP, claims, and other services.....	349,764	122,184	279,172		751,120
15. Boards, bureaus and association fees.....	15,306	2,404	53,585		71,295
16. Insurance, except on real estate.....	29,731	5,879	116,059		151,669
17. Collection and bank service charges.....	8,200	1,628	20,636	30,598	61,062
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....	32,355	6,398	337,755		376,508
23.5 Other (excluding federal income and real estate taxes).....			1,174		1,174
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25).....	2,876,718	568,862	8,929,507	30,598	(a).....12,405,685
27. Less expenses unpaid December 31, current year.....	286,181		1,236,898		1,523,079
28. Add expenses unpaid December 31, prior year.....	183,628	0	3,034,550	0	3,218,178
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	2,774,165	568,862	10,727,159	30,598	14,100,784
DETAIL OF WRITE-INS					
2501.					0
2502.					0
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598)(Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....81,875	.....76,951
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....272,236	.....195,956
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....0	.....
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....1,010,383	.....1,073,770
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	1,364,494	.....1,346,677
11.	Investment expenses		(g).....30,598
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....30,598
17.	Net Investment Income - (Line 10 minus Line 16)		1,316,079
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$26,460 accrual of discount less \$974 amortization of premium and less \$0 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$19,507 accrual of discount less \$863 amortization of premium and less \$32,904 paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5.
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....		.....0		
1.1	Bonds exempt from U.S. tax .....		.....0		
1.2	Other bonds (unaffiliated) .....		.....0		
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0
3.	Mortgage loans .....		.....0		.....0
4.	Real estate .....	.....0	.....0		.....0
5.	Contract loans .....		.....0		
6.	Cash, cash equivalents and short-term investments .....		.....0		
7.	Derivative instruments .....		.....0		
8.	Other invested assets .....		.....0		.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	0	0	0	0
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule-E, Part 1), cash equivalents (Schedule-E, Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	0	0	0
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	339,741	2,603,062	2,263,321
23. Aggregate write-ins for other than invested assets	36,090	50,175	14,085
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	375,831	2,653,237	2,277,406
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	375,831	2,653,237	2,277,406
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid Insurance.....	36,090	12,298	(23,792)
2302. Prepaid Other	0	37,877	37,877
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	36,090	50,175	14,085

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	49,163	49,865	49,678	48,490	47,956	589,046
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	49,163	49,865	49,678	48,490	47,956	589,046
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices – The financial statements of Community Choice Michigan, (“the Company”) are presented on the basis of accounting practices prescribed or permitted by the State of Michigan, Office of Financial and Insurance Services (“OFIS”). The statements have been completed in accordance with the NAIC *Accounting Practices and Procedures* manual except to the extent that Michigan law differs. No material change has occurred since the Annual 2007 filing.

B. Use of Estimates in the Preparation of the Financial Statements – The preparation of financial statements in conformity with accounting practices prescribed or permitted by the Office of Financial and Insurance Services of the State of Michigan requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Due to the prospective nature of these estimates, actual results could differ. Medical revenues and expenses require significant estimates, which include incurred but not reported claims.

C. Accounting Policy – The Company receives monthly capitation and delivery case rate payments under its contract with the Michigan Department of Community Health. The Company is required to provide covered health care services to all recipients enrolled, regardless of the cost of care provided. Capitation and delivery case rate revenue is recognized in the month that recipients are entitled to health care benefits. Reinsurance premiums are netted against premium revenue, and reinsurance recoveries are reported as a reduction of related health care costs.

2. Accounting Changes and Correction of Errors - None

3. Business Combinations and Goodwill – Effective November 30, 2007, Community Choice Michigan Capital L.L.C closed on a Membership Interest Transfer Agreement with CareSource USA Holding Co. (CSUSA) in which the existing membership interests were cancelled and transferred to CSUSA causing CSUSA to become the sole member of the company.

4. Discontinued Operations - None

5. Investments

- a. Mortgage Loans - None
- b. Debt Restructuring - None
- c. Reverse Mortgage - None
- d. Loan-Backed Securities - None
- e. Repurchase Agreements - None
- f. Real Estate - None

6. Joint Ventures, Partnerships and Limited Liability Companies – The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

7. Investment Income – Interest income earned through December 31, 2007 is accrued in the accompanying financial statements.

8. Derivative Instruments – None

9. Income Taxes – Not applicable; tax exempt 501(c)3 organization.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates –

Prior to November 30, 2007, the Company had a Management Agreement with CareSource Management Group (CSMG), an entity that provides management services to the Company, to perform substantially all administrative services of the Company. The Company paid management fees to CSMG of \$10,804,438 for the eleven months ended November 30, 2007, based on Plan revenues and other criteria.

Effective November 30, 2007, the Company closed on a Membership Interest Transfer Agreement in which the existing membership interests were cancelled and transferred to CareSource USA Holding Co. (CSUSA), causing CSUSA to become the sole member of the company. A new management agreement, effective subsequent to November 30, 2007, provides for a cost-sharing arrangement between the Company and CSMG which outlines the allocation of costs for shared resources and direct costs between the Company and CSMG. Costs are allocated in accordance with SSAP No. 70, Allocation of Expenses. The Company paid management fees under the administrative service agreement for the month ending December 31, 2007, of \$663,218. As of December 31, 2007, the Company owed CSMG \$264,802.

As of December 31, 2007, the Company reported \$2,976,600 as amounts due from the Parent Company, CSUSA. This receivable will be fully funded on or before March 1, 2008, in accordance with SSAP No. 72, and was approved by OFIS as an admitted asset.

11. Debt - None

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans

- a. Defined Benefit Plan - None
- b. Defined Contribution Plan - None
- c. Multi-employer Plans - None
- d. Consolidated/Holding Company Plans - None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations – Per the Membership Interest Transfer Agreement associated with the purchase of Community Choice Michigan by CSUSA, which closed on November 30, 2007, and in accordance with a Form A filing approved by OFIS, the net capital and surplus at the closing date is payable to the prior Member Owners over several post closing dates. The liabilities have been recorded for future payments to the prior Member Owners and appear on line 21 of the annual filing.

14. Contingencies

- a. Contingent Commitments - None
- b. Assessments - None
- c. Gain Contingencies - None
- d. All other Contingencies - None

15. Leases – The monthly rental for the principal office location of the Company is the financial responsibility of the management company per the administrative services agreement.

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk –
No such instruments.

NOTES TO FINANCIAL STATEMENTS

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities

- a. Transfers of receivables reported as sales - None
- b. Transfer and servicing of financial assets - None
- c. Wash sales - None

18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans

- a. ASO plans – N/A
- b. ASC plans – N/A
- c. Medicare or similarly structured cost based reimbursed contracts – N/A

19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.

20. Other Items

- a. Extraordinary items - None
- b. Troubled debt restructuring: Debtors - None
- c. Other Disclosures – None

21. Events subsequent - None

22. Reinsurance-

A Ceded Reinsurance Report.

Section 1. General Interrogatories

- 1. No
- 2. No

Section 2 Ceded Reinsurance Report - Part A

- 1. No
- 2. No

Section 3 Ceded Reinsurance Report - Part B

- 1. \$100,223
- 2. No

B Uncollectable Reinsurance - None

C Commutation Reinsurance - None

23. Retrospectively rated contracts & contracts subject to redetermination – None.

24. Change in Incurred Claims and Claims Adjustment Expenses - There has been no change in the methodology of computing incurred claims and claims adjustment expenses in the current year. Original estimates of incurred but not reported claims at December 31, 2006 were more than adequate to cover claims payments made in 2007 attributable to insured events of the prior year.

The Hospital Rate Adjustment, Graduate Medical Education Reimbursements and Specialty Network Access Fees of \$22,920,154 are recorded as hospital and medical benefits on line 9 of the Statement of Revenue and Expense and the quarter end liability of \$3,357,557 is included as a component of Claims unpaid on Page 3, line 1 of the Liabilities, Capital and Surplus page.

25. Intercompany Pooling Arrangements - Not applicable

NOTES TO FINANCIAL STATEMENTS

26. Structured Settlements - Not applicable

27. Health Care Receivables - Community Choice Michigan recorded \$405,590 of pharmaceutical rebates receivable at December 31, 2007, net of non-admitted amounts of \$187,663. During 2007, Community Choice Michigan collected \$464,646 for rebates related to 2006. Pharmacy rebates are netted with pharmacy expense.

The Company's administration of rebates is through a pharmacy benefits manager. Reports are generated by the PBM and these are used to estimate receivables. Estimated receivables are confirmed with actual cash receipt of rebates and the accompanying report detailing the amounts by manufacturer. These reports are received on a quarterly basis, generally six months after the quarter in which the receivable is recorded.

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Quarter	Estimated Pharmacy Rebates As Reported on Financial Statements	Pharmacy Rebates as billed or Otherwise Confirmed	Actual Rebates Received within 90 days of Billing	Actual Rebates Received Within 91 to 180 days of Billing	Actual Rebates Received More than 180 days of Billing
12/31/07	229,397	229,397			
09/30/07	187,663	187,663			
06/30/07	226,568	226,568			226,568
03/31/07	243,419	243,419			243,419
12/31/06	233,057	233,057			233,057
09/30/06	220,777	220,777			220,777
06/30/06	262,281	262,281			262,281
03/31/06	204,512	204,512			204,512
12/31/05	193,553	193,553			193,553
09/30/05	195,934	195,934			195,934
06/30/05	200,196	200,196			200,196
03/31/05	193,603	193,603			193,603
12/31/04	192,641	192,641			192,641
09/30/04	189,614	189,614			189,614

28. Participating Policies - Not applicable.

29. Premium Deficiency Reserves - Not deemed necessary.

30. Anticipated Salvage and Subrogation - Subrogation recoveries totaled \$ 265,660 for the period ended December 31, 2007.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	1,485,940	4.696	1,485,940	4.696
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	1,988,780	6.285	1,988,780	6.285
1.512 Issued or guaranteed by FNMA and FHLMC		0.000		0.000
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.000		0.000
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	590,604	1.867	590,604	1.867
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (including \$of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)		0.000	0	0.000
6. Contract loans		0.000	0	0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments	27,576,178	87.152	27,576,178	87.152
9. Other invested assets		0.000		0.000
10. Total invested assets	31,641,502	100.000	31,641,502	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] NA []
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [X] No []
- 2.2

If yes, date of change:

11/30/2007
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2005
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2005
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

11/13/2006
- 3.4

By what department or departments? State of Michigan, Office of Financial and Insurance Services
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes [] No [X]
- 4.12

renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes [] No [X]
- 4.22

renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,
- 7.21

State the percentage of foreign control;
- 7.22

State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Plante Moran, PLLC, 2601 Cambridge Court, Suite 500 Auburn Hills, MI 48326
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Pricewaterhouse Coopers LLP, One North Wacker, Chicago IL 60606
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

11.11

Name of real estate holding company

11.12

Number of parcels involved

11.13

Total book/adjusted carrying value

\$
- 11.2

If yes, provide explanation
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No [X]
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No [X]
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [X] NA []
- 13.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

Compliance with applicable governmental laws, rules and regulations;

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

Accountability for adherence to the code.
- 13.11

If the response to 13.1 is No, please explain:
- 13.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]
- 13.21

If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]
- 13.31

If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
15.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
16.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person?

Yes [X] No []

GENERAL INTERROGATORIES
FINANCIAL

17.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [] No [X]

18.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11

To directors or other officers

\$

18.12

To stockholders not officers

\$

18.13

Trustees, supreme or grand (Fraternal only)

\$

18.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21

To directors or other officers

\$

18.22

To stockholders not officers

\$

18.23

Trustees, supreme or grand (Fraternal only)

\$

19.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [] No [X]

19.2

If yes, state the amount thereof at December 31 of the current year:

19.21

Rented from others

\$

19.22

Borrowed from others

\$

19.23

Leased from others

\$

19.24

Other

\$

20.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes [] No [X]

20.2

If answer is yes:

20.21

Amount paid as losses or risk adjustment

\$

20.22

Amount paid as expenses

\$

20.23

Other amounts paid

\$

21.1

Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [X] No []

21.2

If yes, indicated any amounts receivable from parent included in the Page 2 amount:

\$2,976,060

INVESTMENT

22.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date?

Yes [] No [X]

22.2

If no, give full and complete information relating thereto:
Held at Fifth Third Bank

23.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1)

Yes [] No [X]

23.2

If yes, state the amount thereof at December 31 of the current year:

23.21

Loaned to others

\$

23.22

Subject to repurchase agreements

\$

23.23

Subject to reverse repurchase agreements

\$

23.24

Subject to dollar repurchase agreements

\$

23.25

Subject to reverse dollar repurchase agreements

\$

23.26

Pledged as collateral

\$

23.27

Placed under option agreements

\$

23.28

Letter stock or other securities restricted as to sale

\$

23.29

On deposit with state or other regulatory body

\$

23.291

Other

\$

23.3

For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

24.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]

24.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes [] No [] NA [X]

25.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]

25.2

If yes, state the amount thereof at December 31 of the current year:

\$

GENERAL INTERROGATORIES

26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [☐] No [☒]

26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
Fifth Third Bank.....	501 Coolidge Road, Suite 102 East Lansing, MI 48823.....

26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>2</div> <div>Complete Explanation(s)</div>
.....
.....

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?

Yes [☐] No [☒]

26.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....

26.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>2</div> <div>Address</div>
59395.....	Fifth Third Asset Management.....	38 Fountain Sq Plaza Cincinnati OH 45263.....

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?.....

Yes [☐] No [☒]

27.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP #</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....
.....
27.2999 TOTAL		0

27.3 For each mutual fund listed in the table above, complete the following schedule:

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding Of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....
.....

GENERAL INTERROGATORIES

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
28.1 Bonds.....	4,065,324	4,065,324	0
28.2 Preferred stocks.....	0		0
28.3 Totals	4,065,324	4,065,324	0

28.4 Describe the sources or methods utilized in determining fair values:

29.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

29.2 If no, list the exceptions:

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$7,000

30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Primary Care Association	7,000

31.1 Amount of payments for legal expenses, if any?.....\$1,040,799

31.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Butzel Long.....	1,015,492

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$0

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U. S. business only

\$0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$.....

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$.....

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

.....0

All years prior to most current three years:

1.64 Total premium earned

\$0

1.65 Total incurred claims

\$0

1.66 Number of covered lives

.....0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$0

1.72 Total incurred claims

\$0

1.73 Number of covered lives

.....0

All years prior to most current three years:

1.74 Total premium earned

\$0

1.75 Total incurred claims

\$0

1.76 Number of covered lives

.....0

2. Health Test:

1

Current Year

2

Prior Year

2.1 Premium Numerator

\$137,337,133

\$103,596,161

2.2 Premium Denominator

\$137,337,133

\$103,596,161

2.3 Premium Ratio (2.1/2.2)

.....1.000

.....1.000

2.4 Reserve Numerator

\$0

\$23,800

2.5 Reserve Denominator

\$13,999,534

\$9,997,465

2.6 Reserve Ratio (2.4/2.5)

.....0.000

.....0.002

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [X] No []

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$125,000

5.32 Medical Only

\$.....

5.33 Medicare Supplement

\$.....

5.34 Dental

\$.....

5.35 Other Limited Benefit Plan

\$.....

5.36 Other

\$.....

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service date base?

Yes [X] No []

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

.....2,774

8.2 Number of providers at end of reporting year

.....2,966

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract?

Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....0

10.22 Amount actually paid for year bonuses

\$.....0

10.23 Maximum amount payable withholds

\$.....442,063

10.24 Amount actually paid for year withholds

\$.....163,803

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [] No [X]

11.13 An Individual Practice Association (IPA), or,

Yes [] No [X]

11.14 A Mixed Model (combination of above) ?

Yes [] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [X] No []

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$.....8,980,701

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [] No [X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Alcona.....
Allegan.....
Aplena.....
Antrim.....
Arenac.....
Benzie.....
Berrien.....
Calhoun.....
Cass.....
Charlevoix.....
Cheboygan.....
Crawford.....
Genesee.....
Gladwin.....
Grand Traverse.....
Ionia.....
Iosco.....
Kalamazoo.....
Kalkaska.....
Kent.....
Lake.....
Leelanau.....
Manistee.....
Mason.....
Mecosta.....
Missaukee.....
Montmorency.....
Newaygo.....
Oceana.....
Ogemaw.....
Osceola.....
Oscoda.....
Ostego.....
Ottawa.....
Presque Isle.....
Roscommon.....
Saginaw.....
St Joseph.....
Van Buren.....

FIVE-YEAR HISTORICAL DATA

	1 2007	2 2006	3 2005	4 2004	5 2003
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	37,365,027	25,141,329	32,701,680	27,885,829	24,691,253
2. Total liabilities (Page 3, Line 22)	27,878,133	13,264,229	16,411,967	17,160,442	24,521,367
3. Statutory surplus	8,980,616	7,394,302	9,569,703	9,530,374	8,818,006
4. Total capital and surplus (Page 3, Line 31)	9,486,894	11,877,100	16,289,713	10,725,387	169,886
Income Statement (Page 4)					
5. Total revenues (Line 8)	129,085,706	97,391,392	95,697,827	95,303,738	111,717,581
6. Total medical and hospital expenses (Line 18)	113,579,652	83,167,801	79,027,913	81,750,761	100,365,920
7. Claims adjustment expenses (Line 20)	3,445,580	3,134,871	3,582,434	965,975	2,219,654
8. Total administrative expenses (Line 21)	8,929,507	8,363,219	6,747,211	9,286,605	10,847,770
9. Net underwriting gain (loss) (Line 24)	3,130,967	2,725,501	6,340,269	3,300,397	(1,715,763)
10. Net investment gain (loss) (Line 27)	1,316,079	866,201	544,452	315,111	203,797
11. Total other income (Lines 28 plus 29)	0	0	0	99,461	1,414,909
12. Net income (loss) (Line 32)	4,447,046	3,591,702	6,884,721	3,714,969	(97,057)
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	8,521,089	(2,413,349)			
Risk - Based Capital Analysis					
14. Total adjusted capital	9,486,894	11,877,100	16,289,713	10,725,387	169,886
15. Authorized control level risk-based capital	4,490,308	3,697,151	3,614,866	3,665,674	4,409,017
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	47,956	49,163	46,995	49,047	56,312
17. Total member months (Column 6, Line 7)	589,046	580,504	576,991	613,478	773,435
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus 19)	82.7	80.3	77.5	80.6	89.5
20. Cost containment expenses	2.1	2.3	2.9	0.0	xxx
21. Other claims adjustment expenses	0.4	0.7	0.6	0.0	0.0
22. Total underwriting deductions (Line 23)	91.7	91.4	87.6	90.7	101.5
23. Total underwriting gain (loss) (Line 24)	2.3	2.6	6.2	3.3	(1.5)
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	4,908,178	7,299,689	11,024,683	18,136,603	17,826,739
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	6,407,166	11,639,249	15,434,515	21,620,182	24,489,292
Investments In Parent, Subsidiaries And Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 53, Col. 1)	0				
29. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 7)	0				
30. Affiliated mortgage loans on real estate		0	0	0	0
31. All other affiliated		0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	3,474,719	3,556,465	3,447,609	3,500,000
	2. Canada				
	3. Other Countries				
	4. Totals	3,474,719	3,556,465	3,447,609	3,500,000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	590,605	604,319	586,531	600,000
	22. Canada				
	23. Other Countries				
	24. Totals	590,605	604,319	586,531	600,000
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	4,065,324	4,160,784	4,034,140	4,100,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	4,065,324	4,160,784	4,034,140	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	5,542,040	7. Amortization of premium.....	0
2. Cost of bonds and stocks acquired, Column 7, Part 3	0	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....	23,284	8.1 Column 15, Part 1	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Sec. 2.....	0		
4.4 Columns 11 - 13, Part 4	0	9. Book/adjusted carrying value at end of current period	4,065,324
5. Total gain (loss), Column 19, Part 4	0	10. Total valuation allowance	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10)	4,065,324
Column 7, Part 4	1,500,000	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	4,065,324

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

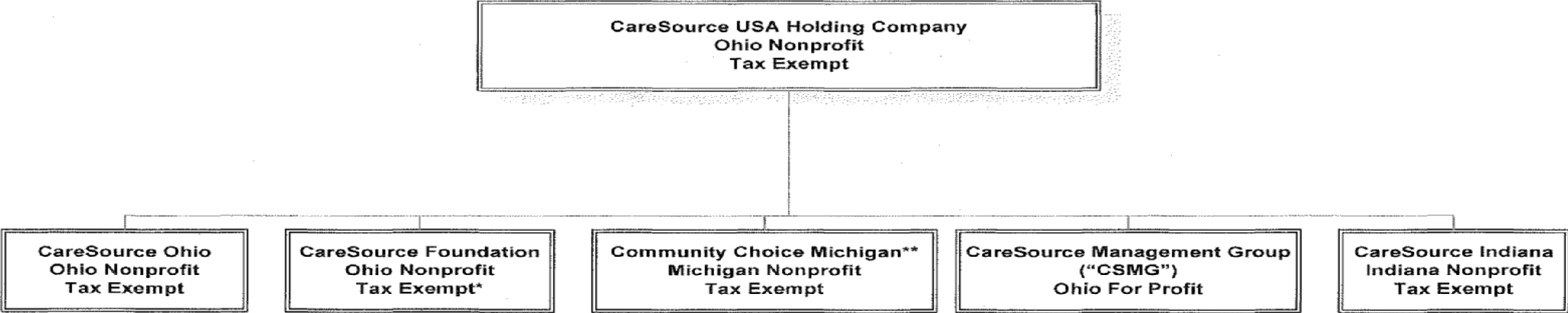
		1	Direct Business Only							
		2	3	4	5	6	7	8	9	
States, Etc.		Is Insurer Licensed (Yes or No)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL								0	0
2. Alaska	AK								0	0
3. Arizona	AZ								0	0
4. Arkansas	AR								0	0
5. California	CA								0	0
6. Colorado	CO								0	0
7. Connecticut	CT								0	0
8. Delaware	DE								0	0
9. District of Columbia	DC								0	0
10. Florida	FL								0	0
11. Georgia	GA								0	0
12. Hawaii	HI								0	0
13. Idaho	ID								0	0
14. Illinois	IL								0	0
15. Indiana	IN								0	0
16. Iowa	IA								0	0
17. Kansas	KS								0	0
18. Kentucky	KY								0	0
19. Louisiana	LA								0	0
20. Maine	ME								0	0
21. Maryland	MD								0	0
22. Massachusetts	MA								0	0
23. Michigan	MI	Yes			137,641,398				137,641,398	0
24. Minnesota	MN								0	0
25. Mississippi	MS								0	0
26. Missouri	MO								0	0
27. Montana	MT								0	0
28. Nebraska	NE								0	0
29. Nevada	NV								0	0
30. New Hampshire	NH								0	0
31. New Jersey	NJ								0	0
32. New Mexico	NM								0	0
33. New York	NY								0	0
34. North Carolina	NC								0	0
35. North Dakota	ND								0	0
36. Ohio	OH								0	0
37. Oklahoma	OK								0	0
38. Oregon	OR								0	0
39. Pennsylvania	PA								0	0
40. Rhode Island	RI								0	0
41. South Carolina	SC								0	0
42. South Dakota	SD								0	0
43. Tennessee	TN								0	0
44. Texas	TX								0	0
45. Utah	UT								0	0
46. Vermont	VT								0	0
47. Virginia	VA								0	0
48. Washington	WA								0	0
49. West Virginia	WV								0	0
50. Wisconsin	WI								0	0
51. Wyoming	WY								0	0
52. American Samoa	AS								0	0
53. Guam	GU								0	0
54. Puerto Rico	PR								0	0
55. U.S. Virgin Islands	VI								0	0
56. Northern Mariana Islands	MP								0	0
57. Canada	CN								0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal		XXX	0	0	137,641,398	0	0	0	137,641,398	0
60. Reporting entity contributions for Employee Benefit Plans		XXX							0	
61. Total (Direct Business)	(a) 1		0	0	137,641,398	0	0	0	137,641,398	0
DETAILS OF WRITE-INS										
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		XXX	0	0	0	0	0	0	0	

(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

CareSource Family of Companies
Corporate Structure



Footnote:

- * Tax Exempt Application pending with IRS
- ** As of April 1, 2008, Community Choice Michigan will change its name to CareSource Michigan

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(http://www.naic.org/committees_e_app_blanks.htm)

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